

December 25, 2009

The Honorable Susan Bysiewicz
Secretary of the State
20 Trinity Street
Hartford, CT 06106

Dear Secretary Bysiewicz:

I am returning to you without my signature House Bill 7101, *An Act Concerning the Estate and Gift Tax*.

Under current law, the following changes are scheduled to take effect for deaths occurring and gifts made on or after January 1, 2010: (1) an increase, from \$2 million to \$3.5 million, in the minimum value of an estate or gift subject to the estate and gift taxes; (2) a reduction of 25% in marginal tax rates on estates and gifts valued at \$3.5 million or more; and (3) elimination of the so-called “cliff” in the tax.

House Bill 7101 delays the increase in the tax threshold and the 25% rate reduction for two years, but retains the elimination of the “cliff” effective January 1, 2010. Since elimination of the “cliff” will result in a revenue decrease, the bill temporarily increases the tax rates on taxable estates and gifts to a range of between 8% and 18% from 5.085% to 16%. These higher rates affect estates of those who die, and gifts made, on or after January 1, 2010 and before January 1, 2012.

As I have repeatedly stated, I do not believe that we can tax our way out of our current economic difficulties. The General Assembly has become addicted to spending and taxing and borrowing to pay for their extravagance. This approach is simply not sustainable. I cannot and will not support a tax increase, even a temporary one, at a time when so many of our residents are already struggling.

We must, instead, accept the fact that we cannot afford our current state government. I understand and appreciate the good intentions of the proponents of this bill, but I believe we must stand firm. We cannot make exceptions for well-intended bills, because, frankly, most are well-intended.

Accordingly, pursuant to Section 15 of Article Fourth of the Constitution of the State of Connecticut and Article III of the Amendments to the Constitution of the State of Connecticut, I am returning House Bill 7101 without my signature.

Very truly yours,

M. Jodi Rell
Governor